



Irish Life Weekly Investment Bulletin

The week that was – WEEK 52 2018 (ending 31/12/2018)

"I know what I'm giving up for Lent this year: my New Year's resolutions." – Henny Youngman

BOE reduces its 2018 Q4 growth forecasts by 0.1% – The Bank of England Monetary Policy Committee unanimously held interest rates at 0.75% (the last rise was in August) and has cut its growth forecast for the final quarter of 2018 from 0.3% to 0.2% due to Brexit uncertainty and said slower growth would likely persist.

Chinese Ministry of Commerce confirms face-to-face U.S. trade talks in January – The Chinese Ministry of Commerce spokesperson Gao Feng said in a press briefing on Thursday that apart from ongoing phone communications, the U.S. and China will also be having direct face-to-face consultations in January.

Global stock market up 4% on the week but down 7.2% on the year – The MSCI AC World TR Index showed a +4.05% return from 24th December to 31st December but a -7.19% fall in local currency return (-4.3% in euro) from 1st January to 31st December, to give the first negative calendar year return since 2011.

U.S. Xmas holiday retail sales rose 5.1% y-o-y, the highest in 6 years – Latest figures from Mastercard show that U.S. retail sales (excluding automobiles) increased by 5.1 % from November 1st to December 24th compared to the same period in 2017, the largest annual increase since 2012. Online shopping rose 19.1%.

U.S. Treasury Secretary denies rumours of Fed Chief being sacked – The Treasury Secretary Steven Mnuchin quoted President Trump, even though he has been a fierce critic of the Federal Reserve rate rises policy, as saying "I never suggested firing chairman 'Jay' Powell, nor do I believe I have the right to do so .."

China's manufacturing in December hits lowest survey reading since May 2017 – China's manufacturing survey – Caixin/Markit Manufacturing Purchasing Managers' index (PMI) – fell to 49.7 in December from 50.2 in November, its first contraction in 19 months. One of the issues blamed was the U.S./China trade impasse.

The Story of the week: "The best laid schemes o' mice an' men often go awry." The spectacular fireworks show on Sydney's harbour attended by 1.5 million spectators that rang in 2019 and dazzled many more watchers was picture perfect, except for one thing - it got the year wrong - with 'Happy New Year 2018' beamed around the world. Photos of the typo were quickly shared on social media sites and among the many online comments - "According to Sydney, it's still 2018, so I'm going back to bed," one Twitter user quipped. Another person wrote: "Oh no, it's 2018 again."

DISCLOSURE: Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland. This document is intended as a general review of investment market conditions. It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person. The author cannot make a personal recommendation for any person and you should seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally, and not in relation to its suitability to any specific person. It is intended for the use of institutional and other professional investors. ILIM may manage investment funds which may have holdings in stocks commented on in this document. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates.

Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD (to 31/12)
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	-7.2
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-20.5
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	-8.5
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	-12.0
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	-4.4
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	-3.9
Nikkei 225	56.7	7.1	9.1	0.4	19.1	-10.2
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-12.2
Eurozone Government Bonds 1-5 yr	2.1	3.4	1.0	0.9	-0.2	0.0
Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	2.7
German	1.9	0.5	0.6	0.2	0.4	0.2
UK	3.0	1.9	1.9	1.2	1.2	1.3
Japan	0.7	0.3	0.2	0.0	0.0	0.0
Ireland	3.4	1.3	1.1	0.7	0.7	0.9
Italy	4.1	2.1	1.6	1.8	2.0	2.8
Greece	8.2	9.6	7.9	7.1	4.1	4.4
Portugal	6.1	2.7	2.5	3.8	1.9	1.7
Spain	4.1	1.6	1.7	1.4	1.6	1.4
Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.75
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	2.50
Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.15
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.90
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.28
IPD All Property Return % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD
Ireland	12.3	36.1	25.1	12.6	8.1%	5.5% (To end of Q3)
U.K.	10.9	17.9	13.3	3.6	10.3%	3.7% (To end of Q3)
U.S.	11.6	11.5	12.5	7.7	7.1%	3.7% (To end of Q3)

*Past performance is not a reliable guide to future performance and may fall as well as rise.